



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 23, 2002

S. 2644 **Accountability of Tax Dollars Act of 2002**

*As reported by the Senate Committee on Governmental Affairs
on October 16, 2002*

S. 2644 would amend title 31 of the United States Code to expand the number of federal agencies that are required to prepare audited financial statements. Under the bill, all executive agencies with budget authority of \$25 million or more would be required to submit audited financial statements to the Congress and the Office of Management and Budget (OMB) by March 1, 2003. The bill also would allow OMB to waive the audit requirement for an additional two years.

S. 2644 would expand the requirements of the Chief Financial Officers Act to more than 20 additional executive agencies. Based on a recent report by the General Accounting Office concerning agency auditing costs, and on information from OMB, CBO estimates that implementing S. 2644 would cost about \$5 million annually beginning in 2005, subject to the availability of appropriated funds. (This estimate assumes that OMB would exercise the option to waive the audit requirement for two years.) In addition, enacting the bill would not affect direct spending or revenues.

The use of audited financial statements could help agencies strengthen accountability, better monitor assets and liabilities, enhance cost controls, and identify inefficiencies. Improved financial information also could reduce waste and fraud, but we have no basis for estimating any potential savings from these actions.

S. 2644 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Matthew Pickford. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.